S&P 500 Distance Stabilizer Index (SPXDSTCE)

S&P Dow Jones Indices

A Division of S&P Global

S&P 500 Distance Stabilizer Index

The S&P 500® is widely regarded as the best gauge of large-cap U.S. equities—a trusted name, with broad recognition, making it a popular allocation within fixed indexed annuities (FIAs) historically.

However, the natural ebb and flow of both market and interest rate volatility can create uncertainty regarding crediting rates within index-linked FIAs.

The Need for Strength and Stability

The S&P 500 Distance Stabilizer Index (the "Index") helps to address the challenge of crediting rate variability by providing dynamic exposure to the S&P 500, while employing an innovative mechanism that is intended to help provide greater stability over time.[1]

The Index aims to facilitate the following:

Similar long-term performance to the S&P 500 historically

The more stable volatility experience may improve hedging efficiencies and allow for stronger crediting rates in index-linked insurance products.

Driving Innovation

The Index uses an innovative approach to manage volatility developed in collaboration with Société Générale

S&P Dow Jones Indices

Over 125 years of experience constructing innovative and transparent solutions, and home to the iconic S&P 500.

Société Générale

European financial services group with a long history of innovation in structured products and risk management.

[1] The Index's official name is the S&P 500 Distance Stabilizer TCA Index (USD) ER. The Index tracks the excess return version of the S&P 500 which includes the full reinvestment of dividends and deducts a risk-free rate daily.

An Intelligent Approach

The Index employs a mechanism based on the concept of timer options, popularized by Société Générale in 2007 and referenced in published academic research.[2]

The original timer options set predetermined volatility budgets that were then observed over the option's term based on the actual volatility of the market. By observing realized volatility, timer options seek to avoid extra premium compared to traditional options in volatile markets.

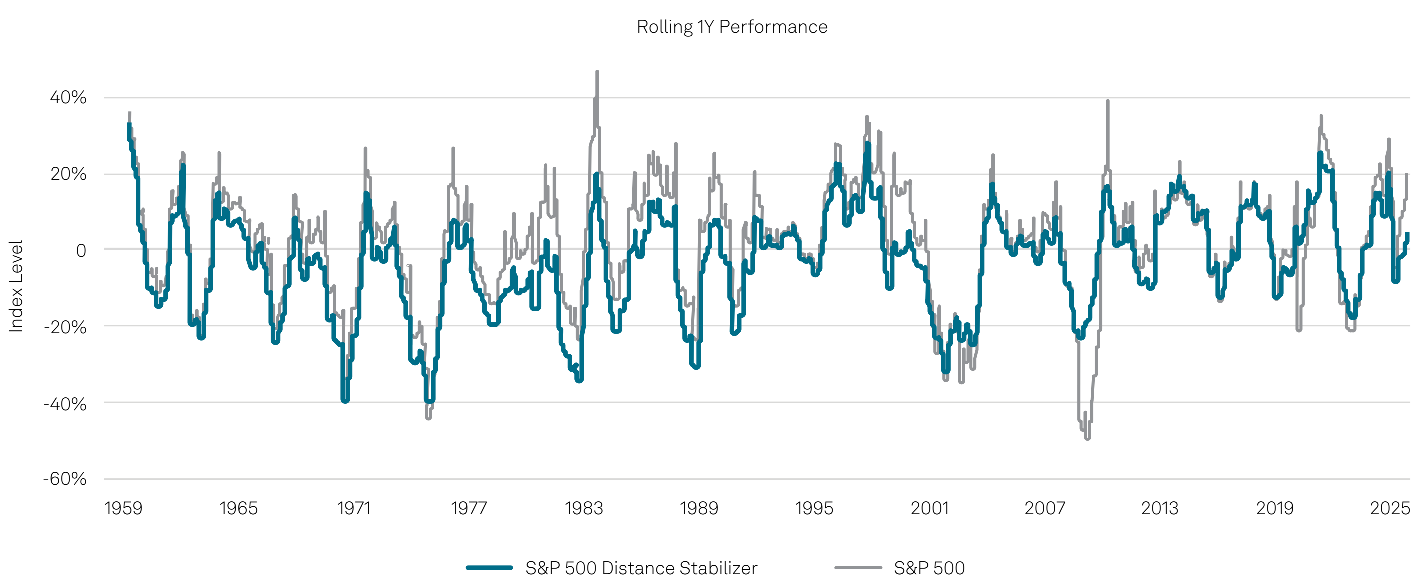
The Index utilizes seven successive distance timers that monitor the market daily and dynamically adjust its S&P 500 exposure with the potential to:

- De-risk temporarily in prolonged volatile periods, which are often aligned with bear markets
- Increase its exposure to the S&P 500, participating in potential rebounds
- Allow for short-term volatility levels to reach up to 40%
- Average exposure to the S&P 500 is ~90%[3]

Why a Distance Timer Strategy?

Distance timer strategies, like the S&P 500 Distance Stabilizer Index, are designed to navigate short-term turbulent markets unlike many traditional volatility-controlled indices (VCI) that target a rigid, short-term volatility level. This target approach often results in underexposure during market recoveries or, conversely, overexposure during market declines.

Exhibit 1: Daily Back-Tested Rolling 1-Year Performance Compared to the S&P 500



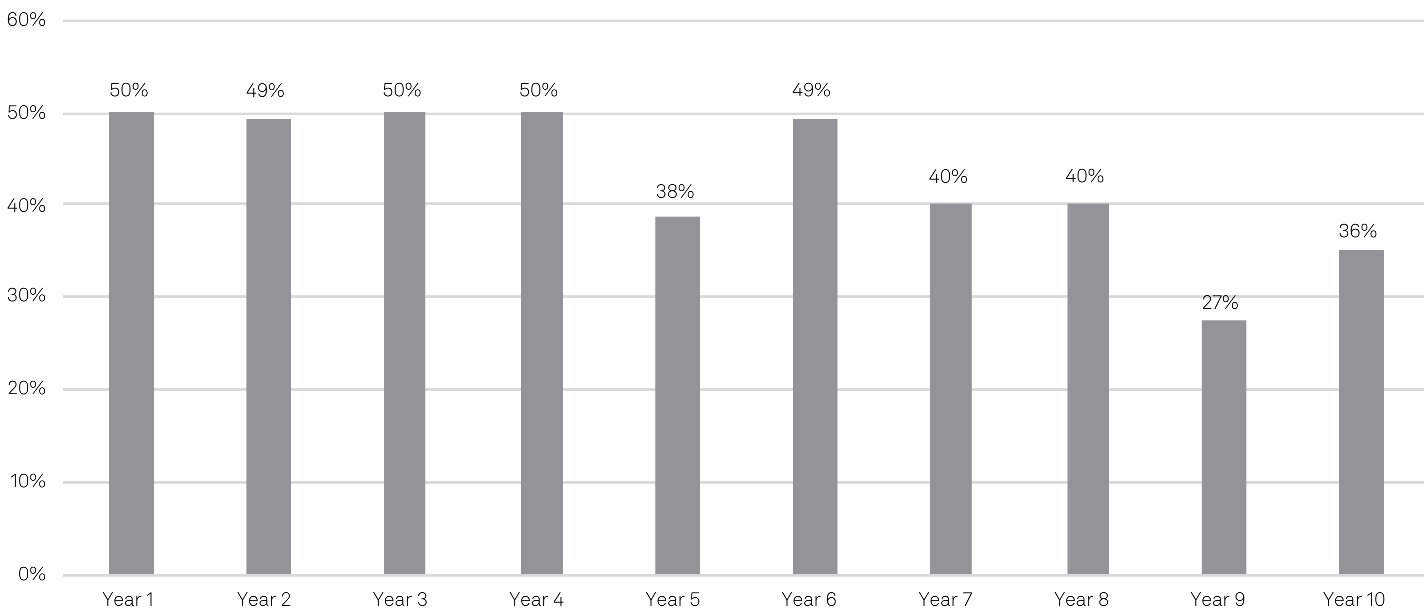
Source: S&P Dow Jones Indices LLC. Data from Mar. 31, 1959 to Sept. 30, 2025. The S&P 500 Distance Stabilizer TCA Index was launched on Sept. 12, 2025. All data prior to such date is back-tested hypothetical data. Past performance is no guarantee of future results. Chart is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

[2] Risk.net publication SG CIB launches timer options - Risk.net Academic paper Avi Bick, (1995) Quadratic-Variation-Based Dynamic Strategies. Management Science 41(4):722-732

[3] Source: S&P Dow Jones Indices LLC. Data from Mar. 31, 1958 to Sept. 30, 2025. S&P 500 Distance Stabilizer TCA Index was launched on Sept. 12, 2025.

The Index offers a significant step forward by design, aiming to deliver consistent performance and provide hedging efficiencies. These features offer the foundation for insurance product issuers to optimize crediting rates while providing an effective method to track the S&P 500.

Exhibit 2: Hypothetical 1-Year Point-to-Point S&P 500 Participation Rates in FIAs[4]



Source: S&P Dow Jones Indices LLC. Data from Dec. 31, 2014 to Dec. 31, 2023. Chart is provided for illustrative purposes. Indicative crediting is hypothetical and for illustrative purposes only.

[4] Participation Rate represents the percentage of the underlying index positive performance that is credited to an index-linked FIA.

About S&P Dow Jones Indices

At S&P Dow Jones Indices, we provide iconic and innovative index solutions backed by unparalleled expertise across the asset-class spectrum. By bringing transparency to the global capital markets, we empower investors everywhere to make decisions with conviction. We're the largest global resource for index-based concepts, data and research, and home to iconic financial market indicators, such as the S&P 500® and the Dow Jones Industrial Average®. More assets are invested in products based upon our indices than any other index provider in the world. Our solutions are widely considered essential in tracking market performance, evaluating portfolios and developing investment strategies.

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Performance Disclosure/Back-Tested Data

The S&P 500 Distance Stabilizer TCA Index was launched September 12, 2025. All information presented prior to an index's Launch Date is hypothetical (back-tested), not actual performance, and is based on the index methodology in effect on the index launch date. However, when creating back-tested history for periods of market anomalies or other periods that do not reflect the general current market environment, index methodology rules may be relaxed to capture a large enough universe of securities to simulate the target market the index is designed to measure or strategy the index is designed to capture. For example, market capitalization and liquidity thresholds may be reduced. In addition, forks have not been factored into the back-test data with respect to the S&P Cryptocurrency Indices. For the S&P Cryptocurrency Top 5 & 10 Equal Weight Indices, the custody element of the methodology was not considered; the back-test history is based on the index constituents that meet the custody element as of the Launch Date. Also, the treatment of corporate actions in back-tested performance may differ from treatment for live indices due to limitations in replicating index management decisions. Complete index methodology details are available at www.spglobal.com/spdji. Back-tested performance reflects application of an index methodology and selection of index constituents with the benefit of hindsight and knowledge of factors that may have positively affected its performance, cannot account for all financial risk that may affect results and may be considered to reflect survivor/look ahead bias. Actual returns may differ significantly from, and be lower than, back-tested returns. Past performance is not an indication or guarantee of future results.

Please refer to the methodology for the Index for more details about the index, including the manner in which it is rebalanced, the timing of such rebalancing, criteria for additions and deletions, as well as all index calculations. Back-tested performance is for use with institutions only; not for use with retail investors.

S&P Dow Jones Indices defines various dates to assist our clients in providing transparency. The First Value Date is the first day for which there is a calculated value (either live or back-tested) for a given index. The Base Date is the date at which the index is set to a fixed value for calculation purposes. The Launch Date designates the date when the values of an index are first considered live: index values provided for any date or time period prior to the index's Launch Date are considered back-tested. S&P Dow Jones Indices defines the Launch Date as the date by which the values of an index are known to have been released to the public, for example via the company's public website or its data feed to external parties. For Dow Jones-branded indices introduced prior to May 31, 2013, the Launch Date (which prior to May 31, 2013, was termed "Date of introduction") is set at a date upon which no further changes were permitted to be made to the index methodology, but that may have been prior to the Index's public release date.

Typically, when S&P DJI creates back-tested index data, S&P DJI uses actual historical constituent-level data (e.g., historical price, market capitalization, and corporate action data) in its calculations. As ESG investing is still in early stages of development, certain datapoints used to calculate S&P DJI's ESG indices may not be available for the entire desired period of back-tested history. The same data availability issue could be true for other indices as well. In cases when actual data is not available for all relevant historical periods, S&P DJI may employ a process of using "Backward Data Assumption" (or pulling back) of ESG data for the calculation of back-tested historical performance. "Backward Data Assumption" is a process that applies the earliest actual live data point available for an index constituent company to all prior historical instances in the index performance. For example, Backward Data Assumption inherently assumes that companies currently not involved in a specific business activity (also known as "product involvement") were never involved historically and similarly also assumes that companies currently involved in a specific business activity were involved historically too. The Backward Data Assumption allows the hypothetical back-test to be extended over more historical years than would be feasible using only actual data. For more information on "Backward Data Assumption" please refer to the FAQ. The methodology and factsheets of any index that employs backward assumption in the back-tested history will explicitly state so. The methodology will include an Appendix with a table setting forth the specific data points and relevant time period for which backward projected data was used.

Index returns shown do not represent the results of actual trading of investable assets/securities. S&P Dow Jones Indices maintains the index and calculates the index levels and performance shown or discussed but does not manage actual assets. Index returns do not reflect payment of any sales charges or fees an investor may pay to purchase the securities underlying the Index or investment funds that are intended to track the performance of the Index. The imposition of these fees and charges would cause actual and back-tested performance of the securities/fund to be lower than the Index performance shown. As a simple example, if an index returned 10% on a US $100,000 investment for a 12-month period (or US $10,000) and an actual asset-based fee of 1.5% was imposed at the end of the period on the investment plus accrued interest (or US $1,650), the net return would be 8.35% (or US $8,350) for the year. Over a three-year period, an annual 1.5% fee taken at year end with an assumed 10% return per year would result in a cumulative gross return of 33.10%, a total fee of US $5,375, and a cumulative net return of 27.2% (or US $27,200).

General Disclaimer